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SUBJECT: SEPTEMBER TRADE AND INVESTMENT BRIEFS

SUMMARY

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11. This is an update on the following trade and investment news from Peru:

Trade

- Possible Delays in FTA Negotiations with Japan
- Peru Unlikely to Conclude FTA with EU this Year
- Peru and Thailand Said to Sign FTA in November
- Textile Imports Grow to Highest Level in Six Months

Investment

- US Firm Mitcham Industries Opens in Peru
- Mexican Investment Will Likely Grow 10%

POSSIBLE DELAYS IN FTA NEGOTIATIONS WITH JAPAN

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Since April, Peru and Japan have completed three rounds of negotiations. The next round is scheduled for the first week of October in Tokyo. Peru remains committed to making advances on Japan's list of excluded Peruvian products. Japan intends to exclude 1,445 Peruvian products from duty-free import. Japan currently allows imports of some of these products from Chile under their free trade agreement. Products on the list include eggs, asparagus, bananas, mandarins, coffee, various fish meats, minerals, leather, wood, paper, chemicals, and textiles. In return, Japanese negotiators want Peru to agree to an immediate zero tariff rate on Japanese vehicles. Peru wants the tariff to decrease over a ten year period.

PERU UNLIKELY TO CONCLUDE FTA WITH EU THIS YEAR

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Peru and the EU concluded the sixth round of negotiations in September in Peru. Negotiators indicated that approximately 5% of the themes under negotiation remain unresolved. A seventh round of negotiations will occur in November.

PERU AND THAILAND SAID TO SIGN FTA IN NOVEMBER

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The Thai Commercial Representative indicated to the newspaper, The Bangkok Post, that his country and Peru will sign the free trade agreement on November 13 in Singapore.

TEXTILE IMPORTS GROW TO HIGHEST LEVEL IN SIX MONTHS

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Despite a general fall in imports to Peru during August, textile imports grew 14.9%. This represents the highest level of growth since last February. According to the Peruvian customs authority,

the principal products imported in this period include pants, cotton shirts and t-shirts. China was the primary producer of the imported products.

#### US FIRM MITCHAM INDUSTRIES OPENS IN PERU

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The U.S. company Mitcham Industries opened offices in Peru and Colombia. The company sells and leases exploration equipment for the petroleum industry.

#### MEXICAN INVESTMENT WILL LIKELY GROW 10%

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Mexican investment in Peru grew primarily in the mineral, telecommunications, financial, and food sectors. The Mexican Ambassador in Peru predicts investment will continue to grow reaching at least 10% more than last year. He credits Peru's pursuit and entry into force of free trade agreements with the United States, Canada, the European Union, Asian nations and others as the attraction for Mexican companies to enter the Peruvian market or expand their business operations. Peru and Mexico have an Economic Cooperation Agreement (ACE) providing favorable tariff treatment.

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